**NEW JERSEY SCHIP 1115 WAIVER PROPOSAL (*NJ FamilyCare*)**

**QUESTIONS, COMMENTS AND ADDITIONAL INFORMATION REQUEST**

**STATE RESPONSE**

Criteria

1. On page 3, paragraph 3, please specify if the mail-in application is a joint Medicaid and SCHIP application. How will redetermination of eligibility be done?

   **Response:**

   The mail-in application is a joint Medicaid and SCHIP application. As indicated, families will be scheduled for a redetermination/renewal every 12 months.

   At that time, if the family was enrolled through the State enrollment broker, the family will receive a preprinted application with the latest information in their file. The beneficiary is then asked to correct or update that information. The completed form is then returned by mail.

   The County Boards of Social Services do not have that same capability. Families enrolled through the County Board of Social Services are asked to provide updated information relating to changes such as, changes in family composition and income. The County Boards of Social Services have been instructed that no case is to be terminated before evaluating for continued eligibility using data available from other sources.

2. On page 9, please clarify whether the elimination of assets test is for both the SCHIP and Medicaid programs and identify any groups to whom asset tests still apply.

   **Response:**

   The asset test has been eliminated for all parent and child cases under Medicaid and SCHIP. There is still an asset test for the medically needy and the aged, blind and disabled.

3. Please define the following terms: continuous eligibility, presumptive eligibility, simplified renewal, and describe how they are being applied to the demonstration populations.

   **Response:**

   The terms are defined as follows:

- Continuous eligibility – This term is not used in the document. In New Jersey, we do not utilize continuous eligibility. Beneficiaries are required to report changed circumstances, which may affect eligibility. We do, however, utilize a 12 month renewal cycle under NJ KidCare and would apply the same rule to the demonstration populations. In the absence of a reported change in circumstance, an individual would remain continuously eligible for 12 months.

- Presumptive eligibility (PE) – This term is used in the document to describe the PE component of the current Medicaid and NJ KidCare (SCHIP) programs, as described in the approved State Plan.

  There is also a limited presumptive eligibility component under NJ FamilyCare that would apply to the demonstration population. Hospitals and Federally Qualified Health Centers (FQHC) are eligible to apply as a NJ FamilyCare PE provider. As such, they can take applications for PE under NJ FamilyCare, which covers hospital, FQHC and pharmacy services. However, at this time, New Jersey did not include this aspect of the program in the waiver application to cover parents and is not asking for federal match for the program. If the waiver is approved, New Jersey may seek a future amendment to address this component of the NJ FamilyCare program.

- Simplified renewal – This term is used to describe steps taken by the State to make redeterminations easier for enrolled beneficiaries. The use of the mail-in, preprinted form by the State enrollment broker as described in question 1 is a primary example.

Eligibility

4. On page 1, please explain further the "2-year extension of Medicaid that was provided under an AFDC waiver." Is this the section 1931 group? Describe who is covered and under what income limits (i.e., parents from 0 – 133% FPL were covered as a 1931 group). When was this group first covered under the 1931 expansion?

   **Response:**

   Prior to the welfare reform efforts, New Jersey had a federal waiver that provided for a 2 year extension of Medicaid benefits. Following welfare reform, New Jersey did utilize the provisions of Section 1931 to extend coverage for certain families. The state plan amendment allowing the 12-month disregard of earnings was approved January 1, 1999.

   For families receiving benefits under section 1931, the earned income from wages is disregarded for the 12 months following receipt if that income would otherwise cause them to lose eligibility under that section. Eligible for the 12-month disregard are those families who would qualify for the AFDC program in effect July 16, 1996

including the section 1931 disregard of earnings up to 133 percent FPL. Upon expiration of that disregard, the family is evaluated for the federal one-year extension. Under NJ FamilyCare, we will be utilizing Section 1931 to disregard earned income up to 133% for parents of eligible children. The State Plan Amendment to effectuate this change was submitted for approval in September, 2000.

5. Please identify the differences between the current approved SCHIP state plan and the proposed NJ FamilyCare in terms of eligibility and enrollment information provided to beneficiaries, i.e., is the initial information provided to the families the same as SCHIP and if not, how does it differ?

   **Response:**

   Basically, the information is the same. However, all materials have been or are in the process of being rewritten to reflect the wider program emphasis. The SCHIP application, fact sheet and brochure have been revised to reflect the expanded coverage of parents/caretakers and pregnant women.

6. On page 5. How will women, with income under 185%, enrolled in FamilyCare who become pregnant, be informed of their option to change their coverage to Medicaid?

   **Response:**

   All participants in the program are advised to notify the agency of changes in circumstances. Instructions are being modified to include pregnancy as one of those changes. Upon such notification or at redetermination, women identified as pregnant will be changed to a federal designation for claiming purposes and maximization of benefits.

Benefits

7. Provide examples of how the State will compare benefits of the large employers to the benchmark plan. How will the State assure that families are informed about applicable benefits, where to obtain wrap-around services, how to locate Medicaid participating providers and how to coordinate service delivery?

   **Response:**

   In the case of large employers, a form will be sent to the employer requesting information about the plan and a copy of the "Statement of Coverage" that describes the benefits covered by the employer plan. Once the "Statement of Coverage" is received from the employer, it will be reviewed by staff of the State Premium Support Program Unit utilizing a Benchmark Plan Comparison form. The service-for-service comparison takes into account coverage of the particular benefit, including any stated limitations on that coverage (for example, day limitations). The large employer plan must match service-for-service against the New Jersey Family Care Plan "D"

benchmark package of services or else the employer plan would be rejected and the family would be enrolled in a State-contracted plan.

If the plan does match the Plan D benchmark but does not provide additional benefits that the children in the family may be eligible to receive under NJ KidCare Plans A, B or C, the State will provide those services on a fee-for-service, wraparound basis.

In terms of informing beneficiaries of the availability of the Premium Support Program, there will be an initial marketing plan developed which includes the dissemination of a brochure that explains the program in general terms. Once an individual is determined eligible for the Premium Support Program, they will receive a Premium Support Handbook that explains the rules of participation; details the covered services; provides information on how to navigate between the employer plan services and New Jersey Family Care wraparound services; and provides information on how to access wraparound services, including methods for locating participating providers.

8. Page 3. Will parents and children be enrolled in the same health plan? If this is not the case, kindly explain why the State has chosen this approach.

**Response:**

Yes. Parents and children will be enrolled in the same health plan. However, in families with incomes between 134 and 200% of FPL, the children in the family will be provided a broader package of services by the health plans than their parents.

Cost Sharing

9. On page 4, the State notes that "total cost sharing for the family will be limited to 5% of family income." How will the provider be notified when the family has reached the 5% limit?

**Response:**

As in the NJ KidCare program, a calculation of the 5% limit amount is done at the time of the eligibility determination. Families are told to contact the State when cost sharing payments reach 80% of that amount (also calculated for the family), so that a timely determination can be made.

For those cases in which the family has reached the 5 percent limit, the family will be notified by letter with a copy going to the appropriate HMO indicating that premiums and co-pays are no longer required. The HMO is then required to ensure that providers participating in the plan do not collect copayments for the remainder of the benefit year. The State enrollment vendor is also informed to immediately cease collection of the premium amounts for the remainder of the benefit year.

ESI

10. On page 4, paragraph 3, New Jersey proposed using a 50% employer participation requirement for ESI in NJ FamilyCare. As stated in the Notice of Proposed Rulemaking, dated November 8, 1999, State premium assistance programs must include a requirement for a substantial employer contribution. This contribution to the cost of family coverage should be equal to 60% of the total cost, or could be a lower amount if the State can show that the average contribution in the State is lower that 60%. A lower amount can be allowed if documentation is submitted that supports, for example, that the targeted employer group contributes on average 50% to the cost of family coverage, or that the targeted employers are mostly low-wage employers who contribute a lower amount, or that the State average employer contribution is less than 60%, etc. Does New Jersey have such supporting documentation? If so please provide this information in sufficient detail to support your request for the use of a 50% employer participation requirement.

    **Response:**

    New Jersey has national data from the 1999 Mercer/Foster Higgins National Survey of Employer-sponsored Health Plans. As indicated in the attached November 17, 2000 memorandum from William M. Mercer, Inc., the study showed that more than half of the small employers require employees to contribute 51% or more of the cost of family coverage. An additional 14 percent require employers to contribute 50 percent of the cost of family coverage. Based on data compiled by Mathematica to be used by New Jersey for planning purposes (see attached chart labeled Table 5-B), we know that the largest cohort of uninsured children have parents that are employed full-time by private firms with less than 50 employees.

    While the average employee contribution across all employers is between 30 and 40 percent, New Jersey does not wish to use a minimum contribution amount that is based on an average and will eliminate such a significant number of children and parents from participating in the premium support program. In addition, we strongly believe that a variable contribution requirement based on firm size would be an unworkable solution with little added benefit in preventing crowd-out. As noted in the William M. Mercer response, "liberalization of the requirement to a minimum of 50 percent employer contribution would permit a significant increase in employees eligible for premium assistance without, in our opinion, encouraging employers to lower their existing contributions for family coverage."

11. On page 5, paragraph 6, please explain the coordination process between the State-only funded program and the Medicaid and SCHIP funded programs that ensures parents will not lose coverage. How are children protected against losing coverage in this coordination?

**Response:**

The State-only funded program and the SCHIP funded program are identical and utilize the same health plans. Therefore, the transfer of the parents from one program to the other is really an issue of federal claiming against the NJ KidCare allotment balances, rather than one of program participation.

The Medicaid program and the SCHIP program for parents do have different benefit packages and the SCHIP program may involve a premium payment. The health maintenance organizations, however, are the same under both programs. Prior to terminating a family from Medicaid, a child will be evaluated for coverage under the SCHIP program and the parent will be evaluated for coverage under NJ FamilyCare. Individuals who remain eligible under NJ KidCare or NJ FamilyCare will be informed in writing that they are being terminated from Medicaid, but that they are being transferred to NJ KidCare/FamilyCare coverage. They will also be informed how to remit any required premium payment and the due date for the payment in order to maintain coverage, if applicable.

For children, there will be no need to transfer from SCHIP funded to a State-only funded program.

12. Page 6. Please provide an example of how the family-based cost effectiveness test will work.

**Response:**

The chart below provides a detailed example of the costs that will be compared as part of the cost effectiveness test.

| **Costs for Enrollment in State Contracted Plan** | **Costs for Enrollment Under Premium Support Program** |
|---|---|
| • Per member per month capitation costs for each adult based on age, sex and geographic location under the State contracted plan<br>• Actuarially determined capitation costs for all children in a family based on average family size and age of the children.<br>• Actuarial value of services paid on a fee-for-service basis for each adult and all children based on average family size<br>• Less Premium Payment based on family size | • Employee share of the monthly family premium under employer plan<br>• Actuarially determined value of wrap around payments for all family members enrolled in small employer plan (necessary to meet Plan D benchmark requirements)<br>• Actuarially determined value of wrap around payments for children necessary to meet the Plan B and C benchmark requirements<br>• Actuarially determined value of fill-in payments for excess cost sharing (copayments and deductibles) under employer plan |

| | |
|---|---|
| | • Per case add on costs for administration<br>• Less Premium Payment based on family size (NOTE: In order to incent enrollment, the premium payment will be $5 less for children enrolled under Premium Support) |
| **Total Cost** | **Total Cost** |

Evaluation

13. Section 1115 waiver projects are awarded as demonstrations to test specific research hypotheses. As such, kindly identify the demonstration objective(s) of your project, providing the research hypothesis (hypotheses) for the demonstration.

**Response:**

The objectives of this waiver request are to demonstrate that relaxation or extension of the current provisions requested will result in improvements in both enrollment and health status goals of existing New Jersey Title XXI programs.

The research hypotheses for the demonstration are (1) Implementation and marketing of the NJ FamilyCare program will result in the enrollment of significantly more uninsured children under Title XXI than would have been the case in the absence of this new program; (2) Children enrolled under Title XXI along with adult family members under NJ FamilyCare will remain enrolled significantly longer than similar children enrolled at the same time without adult family members; (3) Title XXI children whose parents are covered by the same health plan will have a higher rate of well-child examinations per year than matched children whose parents are not enrolled in the same health plan; (4) Uninsured pregnant women covered by NJ FamilyCare will be more likely to receive prenatal care at an earlier stage of pregnancy than similar, but otherwise uninsured pregnant women; and (5) Newborns born to pregnant women covered under the terms of this waiver will be healthier at birth as a result of improved access to prenatal care than newborns born to similar, but otherwise uninsured pregnant women.

14. Specify the research design and identify the population(s) that will be compared to the demonstration population.

**Response:**

The five (5) hypotheses listed in the previous response will be tested using a combinations of designs and data sources. Ideally, such evaluations are conducted under conditions of prospective measurement with contemporaneous controls

(experimental design); for each of the hypotheses to be tested, arguably, this is not possible. The design of the test for each of the five hypotheses is described in turn below.

(1) Elevated Enrollment of Children.

Because it would be entirely unfeasible to create a controlled population of children whose parents would be comparable to those enrolled under NJ FamilyCare but would be defined to be ineligible for the purpose of controlling the experiment, an experimental design is not possible for this hypothesis.

Instead, a longitudinal design will be employed. Children eligible for benefits under Title XXI have been tracked weekly since February 1998, as have persons eligible under NJ Family Care, since September 2000. There was a very distinct acceleration in the enrollment of children under Title XIX expansions immediately subsequent to implementation of Title XXI programs in New Jersey. Since it was impossible to attribute this increase—particularly its timing--to other policy (welfare reform) or environmental (general prosperity) circumstances, we concluded that the accelerated increase in Title XIX enrollments was a result of publicity and outreach activities under Title XXI programs.

In this case, while attempting to control for month of year, enrollment operations patterns and age and income of children, we expect to see a similar, and statistically significant acceleration in the enrollment of Title XXI children, subsequent to the enrollment of their parents under the NJ FamilyCare program.

More to the point, we expect to see a statistically significant upward change in the time trend of Title XXI enrollments (up to 200 percent FPL only). This will be measured as the slope of enrollment over time, before and after the start of NJ FamilyCare.

(2) Increased Retention Rate of Title XXI Children

We will test the hypothesized increase in retention of Title XXI children using retrospective comparisons of enrolled children with and without parents enrolled in NJ FamilyCare. Care will be taken to control for child characteristics such as age, sex, family structure, region of the State, racial and ethnic characteristics, etc. Attempts will be made to eliminate any other confounding factors as well as to eliminate any effects which might be contributed by self-selection patterns of enrolled children and parents. Two different types of comparisons will be conducted: one of children whose parents are enrolled in NJ FamilyCare with controls (whose parents are not), enrolled at the same time; and another with the experimental children compared with similar children enrolled prior to NJ FamilyCare. The two comparisons may enable us to control for selection effects, but it is difficult to determine that in advance.

A number of measures of retention will be tracked and tested. Examples are: Percentage of children first enrolled during an index 3-month period, still and continuously enrolled 6 months later, and 12 months later. In the contemporaneous comparison, children will be matched by personal and family characteristics and month of initial enrollment. In the pre-post comparison, post-FamilyCare children will be compared with matched pre-FamilyCare children. In this case month (but not year) of initial enrollment will be the same. In this latter comparison, there are admittedly additional problems of confounding environmental influences.

Technically, the test of elevated retention rates will be conducted through the usual contingency table or analysis of variance methods.

(3) Higher Well-Child Visit Rates

Using the same cohorts selected in the test of Hypothesis (2), paid FFS claims (NJ KidCare A, Presumptively Eligible NJ KidCare B, and C) and HMO encounter data will be examined for the creation of well-child visit rates in the various cohorts. The average rate for children whose parents are enrolled in NJ FamilyCare will be compared with those whose parents are not. Again, using familiar $X^2$ and/or Analysis of Variance F tests, rates will or will not be found to be significantly different in the hypothesized direction.

(4) Earlier and More Extensive Prenatal Care

An experimental design might be possible in the testing of this hypothesis, were it possible to prospectively identify pregnant women, newly enrolled in the proposed expanded coverage for uninsured pregnant women, and at the same time identify a matched cohort of otherwise uninsured pregnant women. Yet were this even remotely possible, the women found for the control group would likely NOT be suitable controls, since there would likely be some other personal characteristic which resulted in their declining to enroll in the same program.

Therefore, some other, less experimental, design must be selected. Again, a retrospective comparison will be used. In particular, a cohort of pregnant women enrolled in the expanded coverage program for uninsured pregnant women, enrolled within a certain 3- or 6-month window, will be selected. A group of matched women will be selected from among the universe of hospital claims in New Jersey for pregnancy outcomes. Control cases will be selected from among the universe by comparable income level, no insurance coverage, age, race/ethnicity, etc. Hospital records, Medicaid Fee-for-Service claims, HMO encounter records and NJ Department of Health and Senior Services birth records will be examined to determine the extent and start of pre-natal care in the women selected in the two cohorts.

An average measure of week from conception or trimester in which prenatal care was begun will be determined for each individual in the two cohorts. Statistical methods

will be employed to determine if there is a significant difference between the two and if it is in the expected direction.

(5) Better Newborn Outcomes

Using the same cohorts selected in the discussion of the previous hypothesis, newborn outcomes will be compared. Administrative and medical records for newborns born to the selected pregnant women will be examined for birth weight, Apgar scores, infant mortality, etc. Statistical methods will be employed to determine significant differences in newborn health status as between the two cohorts.

15. Identify the data sources for the evaluation and the State's plan for data analysis.

**Response:**

Unlike other states, New Jersey uses the same eligibility and MIS platform for Medicaid, NJ KidCare and NJ FamilyCare. Therefore, the data source for the number of enrolled children under NJ FamilyCare by age, the retention rates for children under NJ FamilyCare and NJ KidCare and the number of children born to pregnant women between 185% and 200% of the FPL is the State's integrated eligibility file. The number of well-child examinations for children whose parents are covered under NJ FamilyCare and children whose parents are not covered under NJ FamilyCare will obtained through the claim and encounter data housed in the Medicaid Management Information System. Birth weight information can be obtained from the electronic birth certificate records housed at the Department of Health and Senior Services, including the average birth weight of babies born to uninsured women.

16. Identify who will have oversight for the evaluation and who will perform each component of the evaluation

**Response:**

At the current time, it is envisioned that oversight of the evaluation will rest with the Office of Statistical Analysis and Managed Care Reimbursement within the Division of Medical Assistance and Health Services. However, the Division may consider the use of a contractor to conduct the evaluation.

17. On page 8, the State lists evaluation mechanisms that appear to be only a count of the number of enrollees in a particular category rather than an evaluation. Please elaborate with specific evaluations that might measure an outcome and have some comparative value, such as the percentage of women receiving prenatal care before and after FamilyCare expansions are put in place, etc.

**Response:**

See answers to question 14.

18. On page 8, can the State provide a clearer explanation of the evaluation method it will use to determine if the waiver increased the enrollment of children in the SCHIP program?

**Response:**

See the answer to question 14.

19. On page 9, under Evaluation, the State notes it will "determine the number of children born to pregnant women between 185% - 200% FPL". The purpose of collecting this data for evaluation is not clear. What is the State attempting to evaluate through this measure, and what is the evaluation question?

**Response:**

See the answer to question 14.

Budget

20. Page 5, the State says it will spend its allotment on children before spending it on parents. How does the State plan to track spending for children and adults? How will the claiming process work?

**Response:**

The State can track expenditures for beneficiaries through the use of Program Status Codes. Unique Program Status Codes have been established for the various populations within the NJ KidCare, NJ FamilyCare, and other Medical Assistance programs. Program Status Codes can be used to identify services for which the recipient is eligible, the type of funding to be applied, or other needed financial and management reporting. This logic is consistent with the method the State utilizes to track Medicaid and New Jersey KidCare expenditures and will provide a basis for the identification of children and adults.

The appropriate expenditures will be included on the Quarterly State Children's Health Insurance Program Statement of Expenditures for Title XXI (Form HCFA-21). State work papers are maintained to document and support the quarterly claim and each of the unique State components, i.e., NJ KidCare, NJ FamilyCare. These work papers will identify the costs by the various income and categorical eligibility components.

21. On the budget template, please provide a more detailed budget, including pre- and post-waiver spending estimates and a breakdown of spending between parents and children. Please specify the assumptions used and their basis in the proposed budget and enrollment spreadsheet. Please provide estimated expenditures for state-only

program described on page 5, which would supplement the federal allotment. How would coordination between the two programs work?

**Response:**

See attached budget display and list of budget assumptions. The coordination between the federal and State-only program is discussed above.